

**CALIFORNIA ENERGY COMMISSION**

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Sacramento, California 95814

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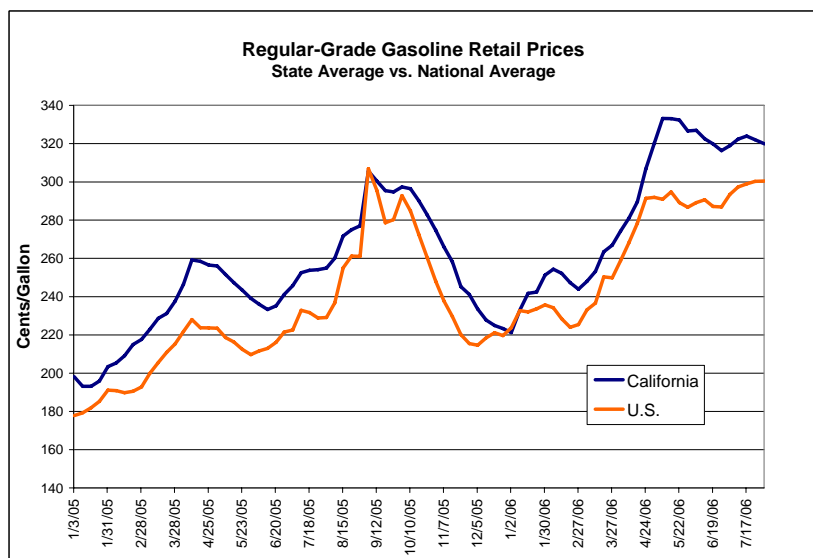
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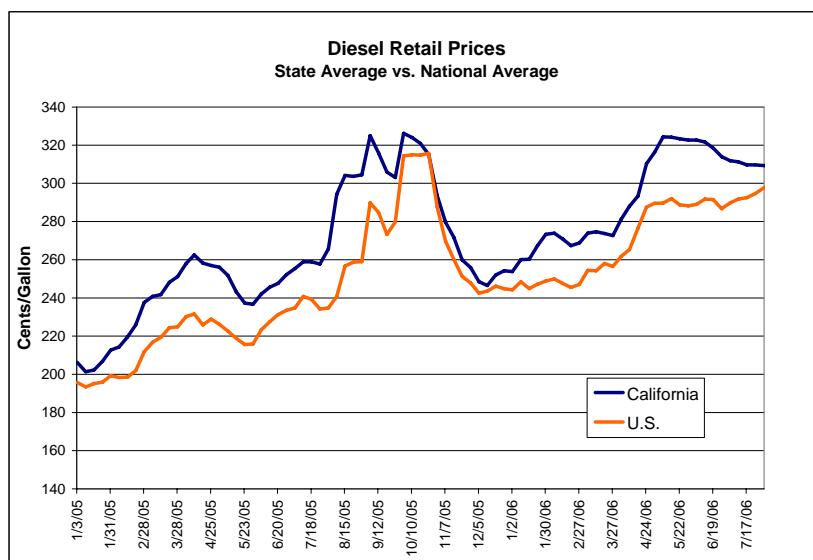
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**Petroleum Watch****August 4, 2006*****Retail Gasoline and Diesel Prices on July 31***

- The average statewide **retail price for regular-grade gasoline** decreased by 2 cents per gallon this week to \$3.20 per gallon and is now 13 cents less than the record high of \$3.33 on May 8.<sup>i</sup>
- The difference between California and U.S. retail gasoline prices declined to 20 cents per gallon since last week as U.S. prices remained at \$3.00 per gallon.



- The average California **retail diesel price** was \$3.09 per gallon, down 1 cent from the previous week. At the same time, the U.S. retail diesel price increased by 3 cents to \$2.98 per gallon, reducing the difference between California and U.S. prices to 11 cents per gallon.

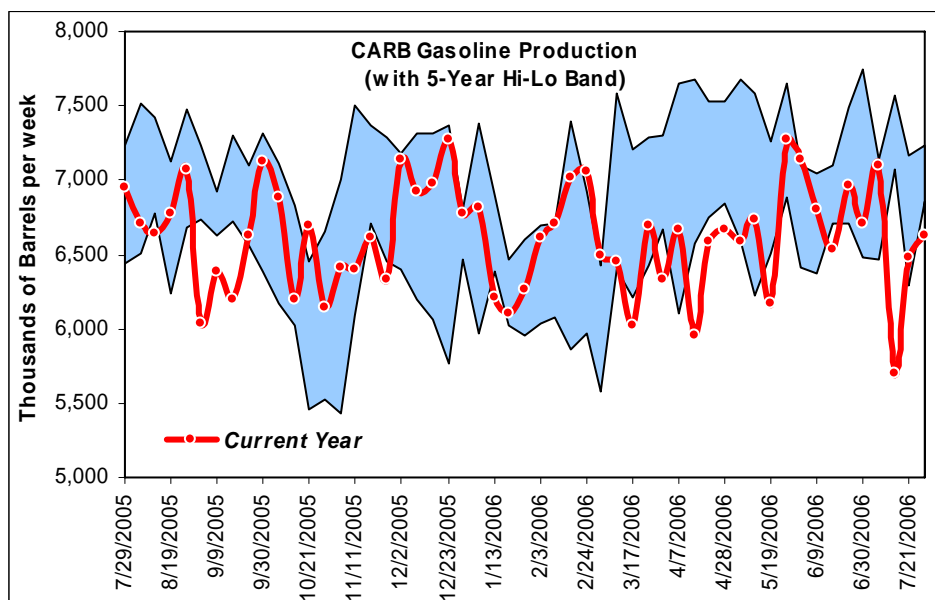


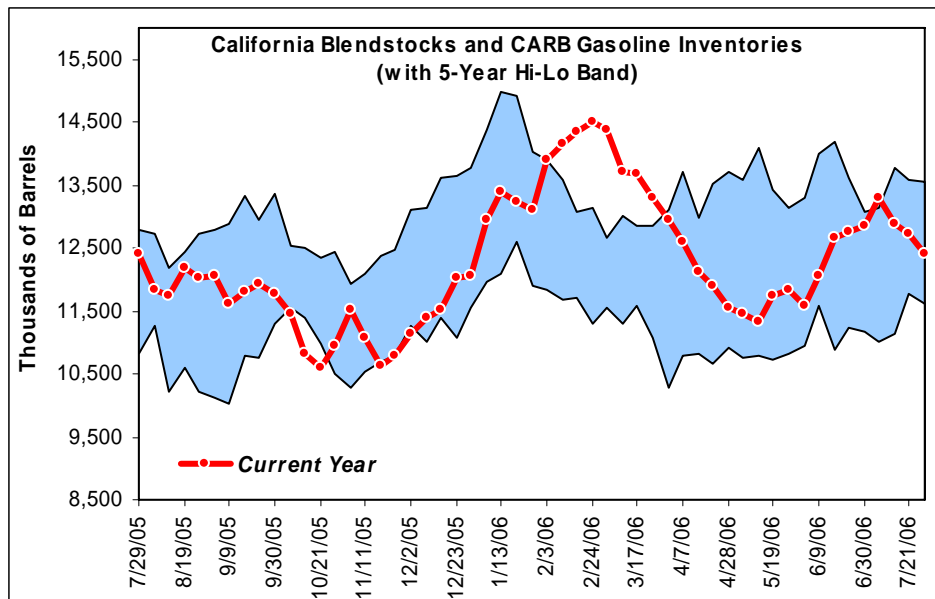
### **Wholesale Gasoline and Diesel Prices on August 1**

- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) climbed to \$2.46 per gallon during the last week before falling to \$2.35. Prices are now 62 cents lower than the record high of \$2.97 on May 2 but 79 cents more than the 2006 low of \$1.56 on February 14.
- An increase in gasoline production from California refineries contributed to the decrease in California's gasoline prices.
- The difference between spot prices for RBOB in California and New York Harbor is now 4 cents per gallon less in Los Angeles after being as much as 12 cents more expensive during last week. California prices are also 4 cents less than in the Gulf Coast, after being as much as 14 cents more last week.
- California spot **wholesale low-sulfur diesel prices** ended at \$2.23 per gallon, 7 cents more than on July 25. This is 45 cents lower than the record high of \$2.68 on May 3.
- California wholesale low-sulfur diesel prices this week remained below Gulf Coast and New York Harbor prices, at 11 cents and 10 cents less than those areas, respectively.
- The difference between California gasoline and diesel narrowed to 12 cents more for gasoline compared to 23 cents more on July 25.
- The Energy Information Administration (EIA) weekly assessment for July 28 reports that **U.S. gasoline demand** rose 0.7 percent from the previous week, while distillate demand fell 1.9 percent. However, the four-week average demand for gasoline is 9.6 million barrels per day, 1.5 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.14 million barrels per day, 3.8 percent more than last year.

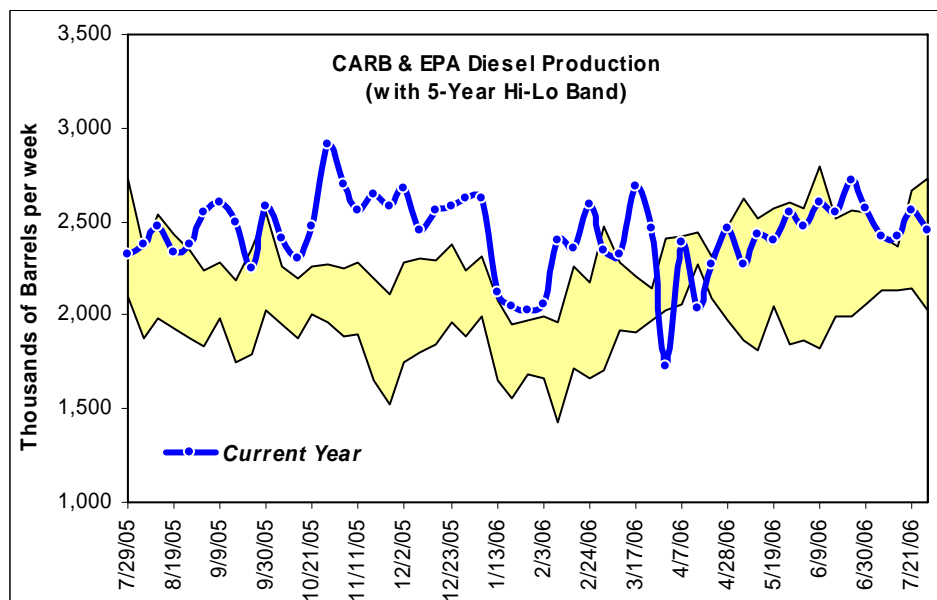
## Refinery Production and Inventories

- **Reformulated gasoline production** in California continued to recover from the production drop two weeks ago when output reached the lowest level since March 2005. Production during the week ending July 28 **rose 2.4 percent** to 6.63 million barrels on the recovery of output from several refineries. However, with some output remaining to be restored, production is below the lower end of the five-year range.<sup>ii</sup>
- California **reformulated gasoline inventories** dropped 1.9 percent and gasoline blendstock inventories fell 2.9 percent during the last week. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **fell 2.4 percent** to 12.41 million barrels, near the middle of the five-year range.
- U.S. gasoline inventories fell a relatively small amount of 162,000 barrels to 210.9 million barrels as of July 28. A substantial increase in imports largely offset a decrease in production and higher demand. Stocks in the Gulf Coast region showed a large build-up while West Coast inventories declined slightly.

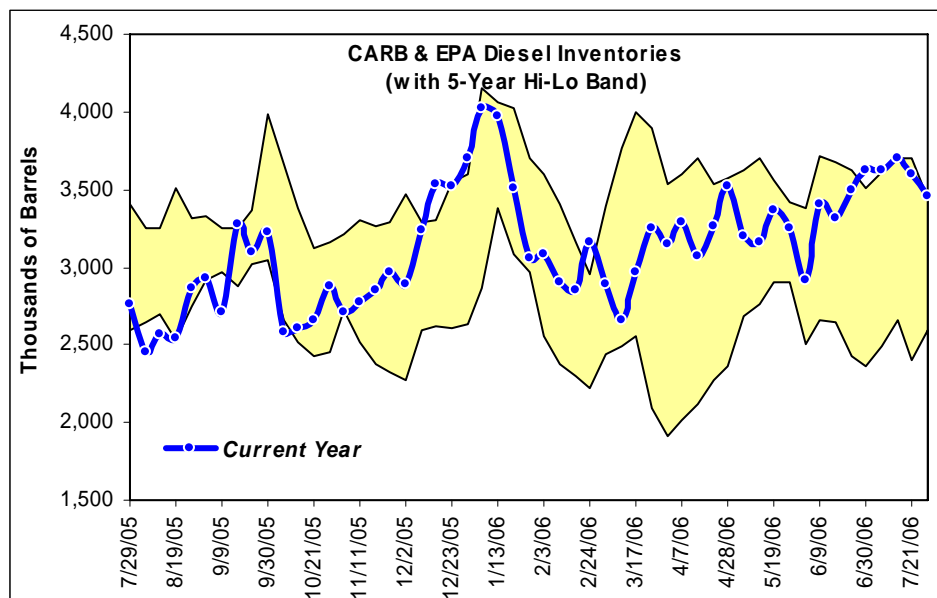




- California low-sulfur **diesel production** during the week ending July 28, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, decreased 4.1 percent from the previous week to 2.46 million barrels. Output fell toward the middle of the five-year range for the week but is 5.6 percent higher than year-ago levels.

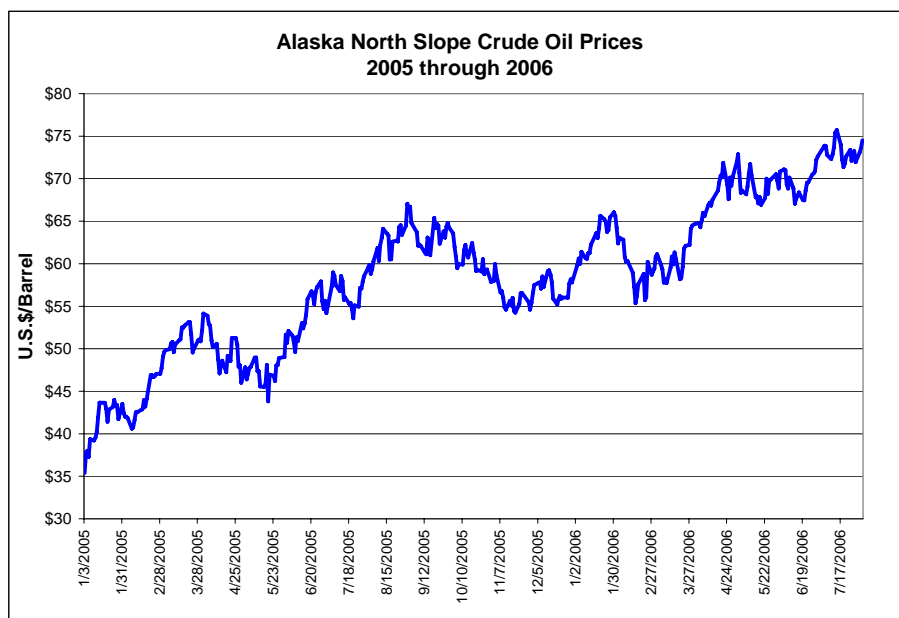


- With decreased production, combined low-sulfur **diesel inventories** in California fell 3.9 percent from the previous week to 3.46 million barrels but remain at the upper end of the five-year range. Total U.S. distillate inventories as of July 28 increased to 132.6 million barrels, 661,000 barrels higher than the previous week, as stocks grew in the Gulf Coast region but fell on the West Coast and in the Northeast.



### **Crude Oil Prices and Inventories**

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, vacillated last week at levels \$2-4 per barrel below the record high of \$75.73 reached on July 14. Price movements were largely driven by events in the conflict in Lebanon, where efforts to reach an early ceasefire collapsed as the Israeli military entered southern Lebanon in force. At the same time, militants in Nigeria kept up their harassment of oil facilities in the Niger Delta region. With high temperatures across the United States causing concern about potential refinery disruptions and a tropical storm developing near the Virgin Islands, ANS crude oil prices ended higher this latest week at \$74.51 as of August 2.<sup>iii</sup>



- U.S. commercial crude oil inventories as of July 28 fell 1.8 million barrels to 333.7 million barrels as lower refinery crude oil runs were offset by a decline in imports. However, stocks are 15.7 million barrels higher than last year and 30 million higher than the five-year average for the date.

<sup>i</sup> Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

<sup>ii</sup> California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>iii</sup> ANS crude oil prices are from *The Wall Street Journal*.